

OFFICE OF THE GOVERNOR

KAY IVEY
GOVERNOR



STATE CAPITOL
MONTGOMERY, ALABAMA 36130

(334) 242-7100
FAX: (334) 242-3282

STATE OF ALABAMA

March 28, 2023

Dr. Jennifer Clyburn Reed, Federal Co-Chair
Southeast Crescent Regional Commission
1901 Assembly Street
Suite 370
Columbia, South Carolina 29201-2439

Dear Dr. Reed:

Please find attached the State of Alabama's Annual Strategy Statement for FY 2023. The document outlines my strategies, objectives, and investment priorities for Alabama's Southeast Crescent Region in the furtherance of the state's four-year development plan. It is consistent with the authorizing language in Public Law 110-246, the Food, Conservation, and Energy Act of 2008, the "Farm Bill" and the Southeast Crescent Regional Commission: Strategic Plan (2023-2027).

If you need additional information, please do not hesitate to contact my Alternate State Member, Mr. Kenneth W. Boswell, at (334) 242-8672 or our SCRC Program Manager, Ms. Crystal G. Talley, at (334) 353-2630.

Sincerely,

A handwritten signature in black ink that reads "Kay Ivey".

Kay Ivey
Governor

KI:KWB:km
Attachment



SOUTHEAST CRESCENT REGIONAL COMMISSION

STATE OF ALABAMA

STATE ANNUAL STRATEGY STATEMENT
2023

KAY IVEY
GOVERNOR



The purpose of the Annual Strategy Statement is to establish a process by which the goals, objectives and priorities for Alabama’s Southeast Crescent Region will be achieved. Implementation of this Strategy will enable Alabama’s Southeast Crescent Regional Commission (SCRC) program to meet the diverse and evolving needs of the SCRC counties in Alabama. The 2023 Annual Strategy Statement:

1. discusses the economic opportunities and challenges, as well as new developments and resources, that impact Alabama’s SCRC counties;
2. provides an overview of targeted investment priorities for the 2023 program year;
3. describes specific strategies targeting Alabama’s distressed counties; and
4. sets forth Alabama’s ARC program operating policies.

Governor Kay Ivey serves as Alabama’s Commission member. Kenneth W. Boswell, Director of the Alabama Department of Economic and Community Affairs (ADECA), serves as her Alternate. ADECA is the state agency responsible for the administration of Alabama’s SCRC Program.

ALABAMA
SOUTHEAST CRESCENT REGIONAL COMMISSION COUNTIES



Alabama’s Southeast Crescent Region

Thirteen of Alabama’s 67 counties are located with the Southeast Crescent Region. FY 2023 SCRC County Economic Status Designations include:

Attainment: Baldwin

Transitional: Autauga, Coffee, Crenshaw, Dale, Henry, Houston, Lee, Mobile, and Montgomery

Distressed: Covington, Geneva, and Pike

Economic Challenges

Infrastructure: Many areas in Alabama’s Southeast Crescent Region lack proper infrastructure. Increased investments in critical infrastructure are necessary to improve educational opportunities, provide safe methods of transportation, and to attract new businesses to help grow the state’s economy. The following types of infrastructure represent the greatest areas of need:

- Transport Infrastructure
- Wet Infrastructure
- Information Infrastructure

Health: There is a strong need to improve emergency-medical services, foster quality and efficiency at rural hospitals and offer incentives for medical professionals willing to practice in underserved rural areas. Increasing the accessibility of broadband and mobile hotspots in Alabama’s Southeast Crescent Region will enable increased access to telehealth. Additionally, there is a great need to build a more complete range of care for people facing mental-health crises. Behavioral health crisis services have emerged as one of the most effective tools within the larger system of care for improving the lives of individuals struggling with mental health or substance abuse issues (Alabama Department of Mental Health).

Labor Shortage, Skilled Labor Shortage and Decline in Labor Productivity: The U.S. has too many people without a job and too many vacant jobs without skilled labor to fill them which results in employers’ inability to optimally thrive in the present business environment. Additionally, the workforce system is not responsive enough to changing jobs and evolving skill requirements; workforce training programs are not aligned to industry needs and workforce data infrastructure is outdated which causes a shortage in needed skilled labor. – HR Professionals Magazine

Workforce Development: Having a well-educated workforce that is equipped with the skills and knowledge to support future economic development is crucial to Alabama’s Southeast Crescent Region.

Talent Retention: Retention of trained and educated talent is required to help move the Southeast Crescent Region of Alabama closer to a self-sustaining economy and improved quality of life.

Opioid and other Drug Addiction: Combating the opioid crisis, and substance abuse in general, in the Region is essential to improving the quality of life and the ability of our citizens to become productive members of the workforce.

Food Insecurity and Access to Healthy Foods: Poverty, food insecurity, and poor nutrition have serious consequences for the health and well-being of children, adults, and older adults, including a greater risk for chronic disease and poor mental health (Alabama Department of Public Health, 2022).

Economic Opportunities

Education: Education is a major component to workforce development. Having access to educational opportunities helps ensure that Alabamians are prepared to meet the needs of a growing workforce. The SCRC Region of Alabama is home to three Historic Black Colleges and Universities: 1) Alabama State University (Montgomery), 2) Bishop State Community College (Mobile) and 3) Trenholm State Community College (Montgomery). Lack of education and sustainable wages are two major causes of poverty. – Alabama Department of Commerce

Aerospace and Aviation: With a more than 100-year history in the state, the broad and vast aerospace and aviation industries sustain a healthy commerce by offering high-paying jobs, with activities in nearly every segment of the sector. – Alabama Department of Commerce

Automotive: Accelerating growth in the automotive industry sector has greatly impacted the state’s economy, turning Alabama into an important production hub. Alabama is the number four auto-exporting state, and vehicles have become the state’s number one export with shipments to over 70 nations around the world. – Alabama Department of Commerce

ADECA worked with an advisory group of stakeholders to develop the Alabama Electric Vehicle Infrastructure Plan. ADECA administers the Electric Vehicle (EV) Charging Infrastructure Program. The state will initially focus on a high impact corridor that will allow for targeted funds to have a concentrated impact on EV adoption in the state. – ADECA Energy Division

Bioscience: The bioscience sector in Alabama has a track record for breakthrough discoveries. Pharmaceutical and medical device manufacturing is expanding across the state. One of the most important impacts of this sector is the high level of employment that it has created. – Alabama Department of Commerce

Forestry Products: Alabama’s forest products industry is expanding its base, with the state already having the second largest timberland base in the United States. – Alabama Department of Commerce

Agriculture: Alabama’s agriculture industry is one of the state’s top industries and entrepreneurship is beginning to play a vital role in its continued growth. – Alabama Department of Commerce

Although agriculture is most often associated with rural areas of the state, urban agriculture is also equally important and can play a role in food justice and equality. Educating, innovating and bringing communities together to improve nutrition and food access while increasing local food production in urban areas is crucial. – U.S. Department of Agriculture

Tourism: Tourism in South and Southeast Alabama is a thriving industry. A variety of attractions can be found in the area, including Alabama State Parks. Additionally, the Southeast Crescent Region counties are home to numerous historic, cultural, educational, recreational, artistic and natural attractions alike. – Alabama Tourism Industry Economic

Impact Report 2021, Alabama Tourism Department Annual Report and City of Gulf Shores, Alabama

Data Centers, Cyber Security and Information Technology: Alabama has a higher data center job growth rate than neighboring states. Alabama’s huge modern manufacturing base makes it ideal for partnership possibilities for work in critical infrastructure protection, cloud security, forensics, big data, mobile device security, informatics, virtualization, and robotics. Computer systems design and management services are projected to increase employment in the state in the next five years. – Alabama Department of Commerce

Metal and Advanced Materials: Although Alabama is not new to manufacturing metals, the state is creating a new base in the production of advanced materials to include titanium and carbon composites. More than 1,100 primary metal manufacturing companies are located in the state and include some of the biggest names in steel, water and sewer pipe, specialty metals and composites. – Alabama Department of Commerce

Broadband: The Connect Alabama Act created three entities: 1) the Alabama Digital Expansion Authority to advise, review, and approve the statewide connectivity plan, among numerous other duties; 2) the Alabama Digital Expansion Division of ADECA to develop and begin executing a statewide connectivity plan, among other duties; and 3) the Alabama Digital Expansion Finance Corporation to administer the Connect Alabama Fund, among other duties.

Upcoming ADECA broadband initiatives include deploying up to \$85 million in federal American Recovery and Reinvestment Act funds for statewide Middle Mile project (applications are in review and grading process now), rolling out more than \$191 million in Capital Projects Fund, also from Recovery and Reinvestment Act for Last Mile projects, and implementing programs funded through the Infrastructure Investment and Jobs Act (Alabama is expected to receive more than \$100 million in formula funds). – ADECA Digital Expansion Division

Chemicals: Since 2019, new capital investments have approached \$690 million in the state’s chemical industry. The right reagents are the catalyst for the state’s production of caustic soda, oxidants, light stabilizers, emissions catalysts, phenol, acetone and a variety of specialty chemicals. – Alabama Department of Commerce

Distribution & Logistics: Alabama is a prime hub for distribution and transportation logistics by land, sea and air, both nationally and globally. As the central location in the heart of the U.S.’s fastest growing economy, and only a day’s drive from half of the U.S. population, Alabama is positioned to ship products anywhere in the world at a competitive cost and in a short time frame. Furthermore, Alabama has no inventory tax. – Alabama Department of Commerce

New Development or Resources

Opportunity Zones: The Opportunity Zones program is a new alternative economic development program established by Congress in the Tax Cuts and Jobs Act of 2017 to foster private-sector investments in low-income rural and urban areas.

Regional Priorities

Targeted Investment Priorities: Funding provided by the Southeast Crescent Regional Commission will support and promote the following priorities for Alabama’s Southeast Crescent Region:

1. Economic development and job creation in distressed counties and isolated areas of distress
2. Expand broadband access throughout the Region
3. Assist in the response and recovery from the COVID-19 pandemic
4. Promote Governor Ivey’s priorities for Alabama’s Southeast Crescent Region, which include:
 - **Alabama’s “Strong Start, Strong Finish” Education Initiative**
 - **Workforce Development**
 - **Job Creation**
 - **Infrastructure**
 - **Healthcare**

Strategies for Distressed Counties

Distressed counties are the most economically challenged. The economic challenges and other disadvantages faced by citizens living in distressed counties impacts various aspects of their lives. Alabama’s SCRC program will give special emphasis to projects in distressed counties. Projects that promote economic and community development, increase community capacity, strengthen workforce development, and create jobs in these counties will be prioritized. Alabama’s SCRC program staff will work closely with the mayors, local economic developers, and community leaders to identify opportunities for economic development and the creation of new jobs. To assist Alabama’s distressed counties in recruiting industries, SCRC funding will also be used for critical infrastructure and industrial site development.

To implement the target priorities, the Governor’s Office will partner with the Alabama Workforce Council, Alabama State Department of Education, Alabama Commission on Higher Education, Alabama Community College System and others to prepare students for postsecondary education and the workforce. Investments in programs which develop and support career specific education and skills training, in growing employment sectors such as advanced manufacturing, will prepare students for a successful transition from secondary school to the workforce. Projects which offer access to STEM and STEAM training will equip students for successful post-secondary education and allow them to take advantage of job opportunities in Alabama’s growing aerospace, health and research and development sectors. Eligible projects could include programs that provide students and workers with cutting-edge technological training to prepare them for either successful post-secondary education or direct placement into high-wage and high-demand careers in Alabama’s advanced manufacturing industry.

Increased investments in critical infrastructure are necessary to improve educational opportunities, provide safe methods of transportation, and to attract new businesses to help

grow the state's and region's economy. Investments in infrastructure projects, to include basic infrastructure such as water and sewer, as well as technological infrastructure including telecommunications and broadband, will ensure that communities in SCRC counties will be able to implement community objectives which will advance and accelerate economic growth. Priority investments will provide for the development of new jobs from existing industries, recruitment of jobs from new industries, and demonstrate a compelling need. Eligible projects would retain or create new jobs and have a direct impact on the local and regional economy and might include site preparation or installation or extension of water, sewer or gas lines for the expansion of an existing industry or for a new industry.

Established partnerships and further collaboration will maximize SCRC resources to enhance existing programs that develop, support and enhance community development and leadership. Priority investment consideration will be given to programs that utilize innovative and relevant curriculums and components and include strategic thinking, leadership skills and problem-solving. Efforts will focus on approaches that build the capacity of community organizations to develop and support networks and partnerships which are tied to a county, regional or state plan. Eligible projects could include training for a multi-county strategic plan or age-integrated community leadership training that maximizes the fusion of the experience, life lessons and best practices of baby-boomers with the innovation, creativity and accelerated foresight of millennials.

Investing in projects that increase access to and improve the quality and methods of providing healthcare for Alabama's SCRC Region is critical. It is a vital need which will assist in job retention, possible job creation, and the overall health of the citizens. Combating the opioid crisis, and drug addiction in general, in the region is essential to improving the quality of life and the ability of our citizens to become productive members of the workforce. The opioid and addiction crisis affect every area of the economy. A critical component to fighting the opioid and drug addiction epidemic is providing access to treatment and follow through with wrap around services. This includes changing the climate and stigma that surrounds addiction in the workplace. Supporting the workforce and employers and creating new jobs in the healthcare area for the 13-county region will strategically help with the opioid crisis.

Alabama's Southeast Crescent Region LDDs

Alabama's SCRC Program staff work with five LDDs in the development and implementation of projects designed to meet the needs of communities in the Southeast Crescent Region of Alabama. The Executive Directors and staff of Alabama's LDDs work closely with their board members, elected officials, economic developers and citizens to identify priority needs within their local communities. Equally important, the LDDs develop and implement Comprehensive Economic Development Strategies (CEDs) in their regions which empower local leadership and foster and sustain economic development. Citizen participation in the development of local and regional strategies is achieved through public hearings conducted by the LDDs.

- Central Alabama Regional Planning and Development Commission (CARPDC): Autauga and Montgomery Counties
- Lee-Russell Council of Governments (LRCOG): Lee County

- South Alabama Regional Planning Commission (SARPC): Baldwin and Mobile Counties
- South Central Alabama Development Commission (SCADC): Crenshaw and Pike Counties
- Southeast Alabama Regional Planning and Development Commission (SEARP&DC): Coffee, Covington, Geneva, Dale, Henry, and Houston Counties

Alabama’s SCRC Grant Program

The Alabama Department of Economic and Community Affairs (ADECA) will solicit applications for SCRC funding from LDDs, educational institutions, non-profit organizations, and governmental entities. ADECA will notify the public when SCRC funding is available via the ADECA website, social media and through an email distribution list. An application workshop will be held (in-person and/or virtually) and application assistance materials will be provided to those interested in applying for funding. Applications will be accepted for a period of approximately six to eight weeks. Applications for SCRC funding must be submitted as required by the SCRC grant program requirements.

Applications will be reviewed by ADECA staff in the Federal Initiatives and Recreation Division for eligibility and alignment with SCRC goals and state priorities. Applications will be ranked based on impact to the community, alignment with goals of the SCRC and state priorities, project feasibility, community capacity and performance measures. Applications that promote economic development and job creation in distressed counties will be prioritized. Additionally, applications that promote the Governor’s priorities will be given special consideration. After the review process, recommendations for funding will be submitted to the Director of ADECA and Governor Ivey for review and approval before the final submissions are made to the SCRC.

The maximum investment of SCRC funding for infrastructure projects is \$350,000 and \$200,000 for non-infrastructure projects. However, the ceiling may be raised in certain critical and/or promising circumstances. Special consideration may be given by the Director of ADECA for infrastructure projects in a distressed county or projects that will result in economic development and the creation of jobs.

Cost overruns on previously approved projects will generally not be considered for funding. However, overrun requests may be considered if additional jobs will be created by the modification. Projects completed at a cost underrun will be evaluated on a case-by-case basis when determining how the remaining balance of funds will be used.

Proposals for the following activities are not eligible for SCRC funding: construction of schools, libraries, government offices, community centers, social services facilities or law enforcement facilities. Investment opportunities outside of the state’s targeted priorities may be considered for SCRC funding if they are consistent with the goals and objectives outlined in this Plan.

SCRC funds will not be used for projects that duplicate services available from other established state funded programs. No financial assistance will be used to assist any relocation from one area of the region to another. SCRC investment funds cannot be used to “supplant”

existing federal programs. Funds may be used to match other federally funded projects (when both federal agencies allow) only when the total grant funds from all federal entities do not exceed 80 percent of the total project budget. SCRC funds may not be used for projects that promote unfair competition between businesses with the same immediate service area.

Eligible applicants include state and local governments, other political subdivisions of the state, Indian Tribes and non-profit entities.

SCRC funds are available annually. Funding agreements will stipulate the time period for completion of projects. All projects must be completed within two years from the date of award, and may be eligible for an extension of one year if reasonable progress is demonstrated. All extensions must be granted by the member state(s) where the project is located and the SCRC Federal Co-Chair.

Grantees with open SCRC projects may not apply for additional SCRC funding unless they have requested reimbursement of funds totaling 75 percent or more of the grant funds and demonstrated that 75 percent or more of the match has been expended.

Applications for construction projects should include a preliminary commitment of jobs provided by the employer, a preliminary engineering report and an economic impact study.

SCRC Maximum Investment for Designated Counties

To comply with Congressional instructions, the matching requirements for SCRC projects vary depending on the county served and the number of counties served. SCRC may contribute 80% toward the cost of a project located in a distressed county, requiring a 20% match. The maximum SCRC contribution may be increased to 90% when the project involves three or more counties or two or more states. Projects located in transitional counties or isolated areas of distress will be required to provide 50% match. The match rate may be reduced to 40% if the project involves three or more counties or two or more states.

- Distressed 80 percent of total project cost
- Transitional 50 percent of total project cost
- Attainment Not eligible for SCRC funding

Isolated Areas of Distress are areas located in counties designated as attainment counties that have high rates of poverty, unemployment, or outmigration.